

## **MAY REVISION OF THE GOVERNOR'S JANUARY BUDGET**

To bridge a budget gap that has grown to \$23.6 billion, the Governor's May Revise proposes spending reductions of \$7.6 billion, along with proposals for loans, deferrals and tax increases. Some of the additional proposals include a increase in the tobacco settlement securitization to a total of \$4.5 billion; a temporary increase in the Vehicle License Fee to raise \$1.276 billion; and an increase in the tobacco tax to produce \$ 475 million. The child care reform proposals contained in the January budget were suspended and Stage 3 CalWORKS child care funding was restored.

Although the Governor's revision made severe cuts to health and social services programs (including 20% reductions in county administration; elimination of the General Fund portion of Children and Adult Mental Health Systems of Care; and reductions in optional Medi-Cal benefits, including dental benefits) many of the cuts were restored in the Senate and Assembly budget bills (SB 1261 and AB 1777). The Senate and Assembly bills also restore funding for CDPAC. The Senate and Assembly budget bills have passed to a budget conference committee consisting of members from both houses. The conference committee will convene the week of June 3 to work out the differences in the two versions. Then the conference versions of the budget bills will be sent to the two houses for a vote. A 2/3 majority is needed for passage. When the Budget Bill receives a two-thirds vote of each house, it is passed on to the Governor. The Constitution allows the Governor to reduce or eliminate an item of appropriation.

### ***Resources for reading about the State Budget:***

Copy of the Governor's budget and May revise:	<a href="http://www.dof.ca.gov">www.dof.ca.gov</a>
Copy of Assembly Budget Bill (AB 1777)	<a href="http://www.assembly.ca.gov">www.assembly.ca.gov</a>
Copy of the Senate Budget Bill (SB 1261)	<a href="http://www.senate.ca.gov">www.senate.ca.gov</a>
Analyses of the Assembly and Senate Budget Bills:	<a href="http://www.lao.ca.gov">www.lao.ca.gov</a>
May Revise analysis by the California Budget Project	<a href="http://www.cbp.org">www.cbp.org</a>